

To: Keytel, Keith W[keith.keytel@optum.com]; Triana, Lorenzo[lorenzo.triana@optum.com]; Hamel, Bryan J[bryan.hamel@optum.com]
From: Hart, Brett A
Sent: Tue 10/14/2014 5:16:10 PM
Importance: Normal
Subject: RE: TMS Financial Analysis
Received: Tue 10/14/2014 5:16:12 PM

There was a workgroup that crafted this, but relied upon Carolyn for review and final blessing. This also went through BPAC and was taken off the list of being experimental. Lorenzo, I would defer to you on whether you also reviewed. I don't want to speak for you.

Thanks,

Brett

From:Keytel, Keith W
Sent: Tuesday, October 14, 2014 11:53 AM
To: Hart, Brett A; Triana, Lorenzo; Hamel, Bryan J
Subject: RE: TMS Financial Analysis
Sensitivity: Confidential

Brett (Others), as I scan the document, I see that for example, this is a covered service for Commercial BOB. Where did we get the direction from to roll this out? I'm assuming Carolyn under the authority of Bill but can you let me know from your perspective? Thanks.

From:Hart, Brett A
Sent: Tuesday, October 14, 2014 11:38 AM
To: Keytel, Keith W; Triana, Lorenzo; Hamel, Bryan J
Subject: RE: TMS Financial Analysis
Sensitivity: Confidential

This may be more information than you are seeking, but the attached is the process we follow within ClinOps.

From:Keytel, Keith W
Sent: Tuesday, October 14, 2014 10:56 AM
To: Triana, Lorenzo; Hart, Brett A; Hamel, Bryan J
Subject: RE: TMS Financial Analysis
Importance: High
Sensitivity: Confidential

Can you guys give me a quick summary of what we're doing in CO on TMS? I think this is about to pop given Fred isn't signing off on the cost implications and perhaps Leslie hasn't been briefed. I do need to take this to Lloyd and anticipate he'll ask the question I'm asking. Thanks.

Keith

From:Powell, Michael C
Sent: Tuesday, October 14, 2014 10:47 AM
To: Keytel, Keith W; Brock, Irvin P
Subject: FW: TMS Financial Analysis
Importance: High
Sensitivity: Confidential

UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF CALIFORNIA TRIAL EXHIBIT 777 Case Nos. 14-cv-2346-JCS/14-cv-5337-JCS Date Entered _____ By _____ Deputy Clerk
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From: Mao, Chi
Sent: Tuesday, October 14, 2014 10:01 AM
To: Motz, Frederic C; Powell, Michael C
Subject: RE: TMS Financial Analysis
Sensitivity: Confidential

This was approved by the clinical policy committee. I don't know if they reviewed with Leslie.

From: Motz, Frederic C
Sent: Monday, October 13, 2014 5:21 PM
To: Mao, Chi; Powell, Michael C
Subject: RE: TMS Financial Analysis
Sensitivity: Confidential

Chi – I would argue that we do not have the ability to absorb these costs.

Where is this “directive” coming from? Typically, these kinds of decisions (with financial implications) are reviewed with Leslie before a decision is made to proceed. I believe the expansion of TMS was discussed earlier in the year and it was deemed too expensive.

Thanks.

From: Mao, Chi
Sent: Monday, October 13, 2014 3:37 PM
To: Powell, Michael C; Motz, Frederic C
Subject: FW: TMS Financial Analysis
Importance: High
Sensitivity: Confidential

Michael and Fred,

From the attached memo, it looks like there is an expansion to the TMS rollout to include all business (risk and ASO), which the exception of Medicaid. Initially, I believe it was limited to HPHC and ASO. From below, it looks like TMS is going to cost between **SEAL** PMPM and **SEAL** PMPM WITH NO BEHAVIORAL ROI. With about 10 million risk members (excluding Medicaid), at **SEAL** PMPM that's **SEAL** million and at **SEAL** PMPM that's **SEAL** million. Given the stretch targets we have, are we able to justify spending this amount with no ROI.

From: Rockswold, Erik
Sent: Monday, October 13, 2014 5:43 AM
To: Regan, Carolyn J; Niewenhous, Gerard B
Cc: Mao, Chi
Subject: RE: TMS Financial Analysis
Sensitivity: Confidential

I'm sure there is more, but this is all I have. . .

Financial Costs – Fred Motz:

1. What is the financial impact of the targeted treatment-resistant population for this technology?
 - a. Administrative cost? Minimal administrative costs
 - b. Behavioral benex? Per external Milliman data, this population has between \$406 - \$584 per patient per month

- c. Medical benex? Per external Milliman data, the per person per year medical costs for treatment-resistant depression (TRD) patients was more than double than that for non TRD patients (\$14,490 vs. \$6,665).

2. What would be the potential impact of the implementation of this technology on current benex and administrative cost?

- a. Behavioral? The potential impact on benefit expense is heavily dependent upon the penetration rate. The unit cost is estimated to range between \$300 and \$400 per session with a 30 session course of treatment and up to 5 follow-up sessions. The estimated cost per patient therefore, ranges from \$9,000 to \$14,000. The PMPM rate assumed for a northeast commercial health plan was **SEAL** PMPM with an estimated cost per patient of \$9,000 and a penetration rate of **SE** per thousand.

- i. PMPM? A range for the potential PMPM impact is estimated to range from **SEAL** PMPM to **SEAL** PMPM depending upon penetration rate and unit cost by market.

- b. Pharmacy? Per literature, there is a potential for reductions in medical and pharmacy benefit expense spend by addressing the members' previously unmet behavioral needs.

3. Is there a potential for a ROI:

- a. for Behavioral? No. For behavioral, there is limited opportunity for an ROI. This will involve an increase in benefit expense.
- b. for medical or pharmacy? No. Under our current financial arrangements, those savings would not be shared with behavioral.

Additional Financial Information from Clinical Ops (specific to IBM)

Only limited experience exists arising from cases where IRO's overturned adverse determinations and mandated coverage. Table below summarizes experience for IBM membership in 2012. Typically, 23-34 sessions were authorized, ranging from \$300-\$475 per session. On this basis, the average cost of a treatment course could range between \$7,000 and \$16,000. Rates could also be impacted by ability to bring providers of TMS services into network contract at discount.

Claims Paid in 2012 for TMS Services - All Dates of Service						
Procedure codes 90867,90868, 90869						
Account = IBM						
Proc Code	Proc Description	Unique Members	Units	Submitted Amount	Paid Amount	Denied Amount
90867	TRANSCRANIAL MAG STIMJ TX PLANNING	4	3	4,300.00	1,710.00	2,200.00
90868	TRANSCRANIAL MAG STIMJ TX DLVR & MGMT	7	120	82,500.00	42,848.60	31,675.00
90869	THERAPEUTIC REPETITIVE TRANSCRANIAL MAGNETIC STIMULATION TREATMENT	0	0	0.00	0.00	0.00
Total		7	123	86,800.00	44,558.60	33,875.00

For Harvard Pilgrim's 2012 overturns, the number of sessions of TMS ranged from 34-50, at an average cost of \$300-\$500 per session. The average treatment duration was 41 sessions, at a cost of \$16,000 per treated member.

From: Regan, Carolyn J
Sent: Friday, October 10, 2014 1:18 PM
To: Rockswold, Erik; Niewenhous, Gerard B
Cc: Mao, Chi
Subject: TMS Financial Analysis
Sensitivity: Confidential

Erik/Jerry,

Do one of you have the TMS financial analysis that was completed as part of the CTAC recommendation and which went to the Clinical Policy Committee? Please send it to Chi so that he can plan resources for accommodations until these codes are configured.

Thank you,

Carolyn

Carolyn Regan

Vice President, Clinical Policy

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